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PAVCO

ANNUAL REPORT

April 1, 2001 to March 31, 2002

OUR VISION

To be the global leader in event facility management.

OUR MANDATE

To generate economic and community benefit for the people of British Columbia through the management of public tourism and cultural facilities.

OUR MISSION

To provide the best event experience for all our clients and guests.

OUR STRATEGIC GOALS

To provide the highest levels of service and value.

To broaden and increase economic benefit to the people of British Columbia.

To optimize financial performance.

To attract customers from international, national and local markets.

To improve, expand and diversify our properties.

To create healthy and supportive work environments for personal and organizational success.

OUR VALUES

Quality and Service – We set and meet high standards of service.

Respect, Fairness and Honest Communication – We treat each other as we wish to be treated, and we openly share information to increase employee understanding and meaningful involvement.

Financial Responsibility – We make significant economic contributions to the Province and strive to generate revenues to offset our operating costs.

Creativity and Innovation – We take responsible risks to find better ways, new methods and processes to get the job done.

Enthusiasm and Humour – We show our enjoyment of our work and each other.

Environmental Responsibility – We continually look for new ways of conducting our business to reduce environmental impacts.

Integrity – We apply our values and deliver on our promises.

ENABLING LEGISLATION

B.C. Pavilion Corporation (PavCo) is a British Columbia Corporation incorporated under the Company Act (British Columbia) on May 3, 1984. The authorized capital of B.C. Pavilion Corporation consists of 10,000 common shares without par value. Only one share has been issued and is held by Her Majesty the Queen in Right of the Province of British Columbia. The 100% ownership of issued shares by the Provincial Government makes B.C. Pavilion Corporation a Crown Corporation.

B.C. Pavilion Corporation registered PavCo as a business name under the Partnership Act (British Columbia) on September 23, 1999.

B.C. Pavilion Corporation (PavCo) is a Crown Corporation of the Province of British Columbia, reporting to the Ministry of Competition, Science and Enterprise, Hon. Rick Thorpe, Minister Responsible.

THE CORPORATION

PavCo operates four successful public facilities within the Lower Mainland and the Fraser Valley of British Columbia. The Corporation provides space for conventions, trade and consumer shows, film productions, sporting events and a variety of other special events. It operates:

Vancouver Convention & Exhibition Centre

BC Place Stadium

Tradex (Fraser Valley Trade & Exhibition Centre)

The Bridge Studios

BC Place Stadium and the Bridge Studios are fully owned by PavCo. The Tradex building is owned by PavCo but the land it is situated on is leased from the City of Abbotsford. The Vancouver Convention & Exhibition Centre is leased from the Federal government.

MESSAGE FROM THE CHAIRMAN

The mandate of PavCo has been "To generate economic and community benefit for the people of British Columbia through the management of public tourism and cultural facilities." In Fiscal 2002, it is estimated that the Corporation generated over $495 million in benefits to the Province. This was somewhat less than budgeted as a result of lower overseas delegate attendance at conventions following the September 11, 2001 terrorist attacks and a reduction in feature film production early in the year resulting from threatened strike action in the USA. Although bookings for international conventions remain strong, delegate attendance has not yet recovered from the downturn.

With its spectacular location and reputation, the Vancouver Convention & Exhibition Centre continued to operate at close to capacity. The proposed waterfront expansion will meet market demand for exhibit and meeting space, thereby stimulating British Columbia's business tourism sector. It is also an integral part of the Vancouver 2010 Winter Olympic Games proposal.

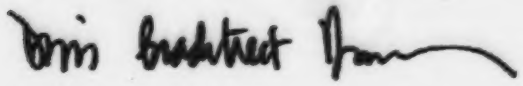
The Bridge Studios, originally built to stimulate and foster growth in the British Columbia film industry, continued to yield an optimum return on that investment. The film business has become a major component of British Columbia's economy, and even with the addition of many new studios to the market over the past two years, The Bridge has operated at close to capacity. Emphasis has been on feature film production, which provides high employment and economic benefits.

BC Place Stadium, with its prime downtown location, was almost fully booked for the peak trade and consumer show seasons, but continues to be affected by changes in consumer tastes and declining attendance. BC Place Stadium is the proposed venue for the Opening and Closing Ceremonies of the Vancouver 2010 Winter Olympic Games.

Tradex, located in Abbotsford, continued to operate successfully as a trade and consumer show facility and provided economic benefit and employment especially for the Fraser Valley. Similarly to BC Place Stadium, occupancy was high during the peak show seasons, with new business continually being developed for the off season.

During the year, the Shareholder requested that the Board of Directors review the operations of the individual business units to determine whether their services are in the public interest; whether they are affordable within the fiscal environment; whether there is a legitimate role for government to be involved in the business; and whether the businesses are being operated in the most efficient and effective ways. Working with management, the Board of Directors made recommendations to the Core Services Review Committee for the future of the Corporation. As a result, there will be significant changes in the operations and ownership of the Corporation's facilities over the next year, and, under the direction of the Board of Directors, implementation of the recommendations has commenced.

On behalf of the Board of Directors, I wish to thank staff for their contribution in making the Corporation a success and their continued support to the operation.



Doris Bradstreet Daughney
Chairman & Chief Executive Officer

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THE YEAR IN REVIEW

There are six strategic goals for the Corporation:

To provide the highest levels of service and value

PavCo is a customer-driven organization. We must provide excellent service at all levels, or we risk losing new and repeat clients to other facilities. For this reason, we monitor customer satisfaction through two measures:

Repeat clients to the facilities

It is more cost effective to service a repeat client than to sell space to a new client. Due to the diverse nature of our facilities, the percentage of repeat clients varies. Where repeat clients decline, it can indicate a larger percentage of new clients. In the case of the Vancouver Convention & Exhibition Centre (VCEC), variation in repeat business is not a critical indicator as international conventions alternate their venue city from year to year.

Repeat clients to the facilities were as follows:

	Fiscal 1998 Actual	Fiscal 1999 Actual	Fiscal 2000 Actual	Fiscal 2001 Actual	Fiscal 2002 Actual
VCEC	39%	36%	52%	29%	29%
BC Place Stadium	82%	62%	53%	64%	72%
Tradex	68%	53%	65%	72%	75%

There was an increase in repeat customers at BC Place Stadium due to fewer new events than in previous years. Repeat customers at Vancouver Convention & Exhibition Centre and Tradex remained constant.

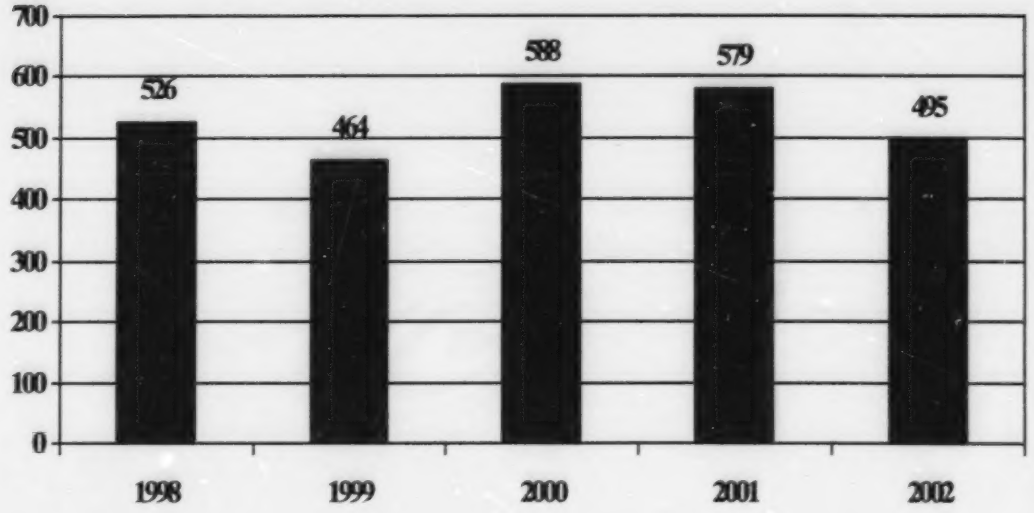
Score on customer satisfaction surveys

In order to continuously improve customer service, we require feedback. Surveys are sent to clients after their event and the results monitored. For Fiscal 2002, the satisfaction rating range was from 4.5 out of 6.0 at BC Place Stadium, to 5.2 out of 6.0 at Tradex. There were no significant changes in ratings from Fiscal 2001 to Fiscal 2002.

To broaden and increase economic benefit to the people of British Columbia

Our mandate is to generate economic and community benefit for the people of British Columbia through the management of public tourism and cultural facilities. We measure net economic benefit generated by the Corporation based on the Tourism Economic Assessment Model developed by the Canadian Tourism Research Institute.

Comparison of Net Economic Benefit Generated
(includes Robson Square Conference Centre for Fiscals 1998 – 2001)
(in $ millions)



Net economic benefit generated

For Fiscal 2002, the Corporation generated an estimated $495 million in benefit to the community from its activities. This amount is based on estimated expenditures by visitors to our facilities, subsequent spending in the province following the event activity, and the ripple effect through the economy of such spending. Economic benefit generated for the year was lower than estimated and down from Fiscal 2001. This was due to feature film business being lower than expected at the Bridge Studios, and reduced attendance at the Vancouver Convention & Exhibition Centre, even though the number of international conventions was close to budget for the year. In addition to the economic benefit generated, it is estimated that for Fiscal 2002, more than 11,177 full year jobs were created.

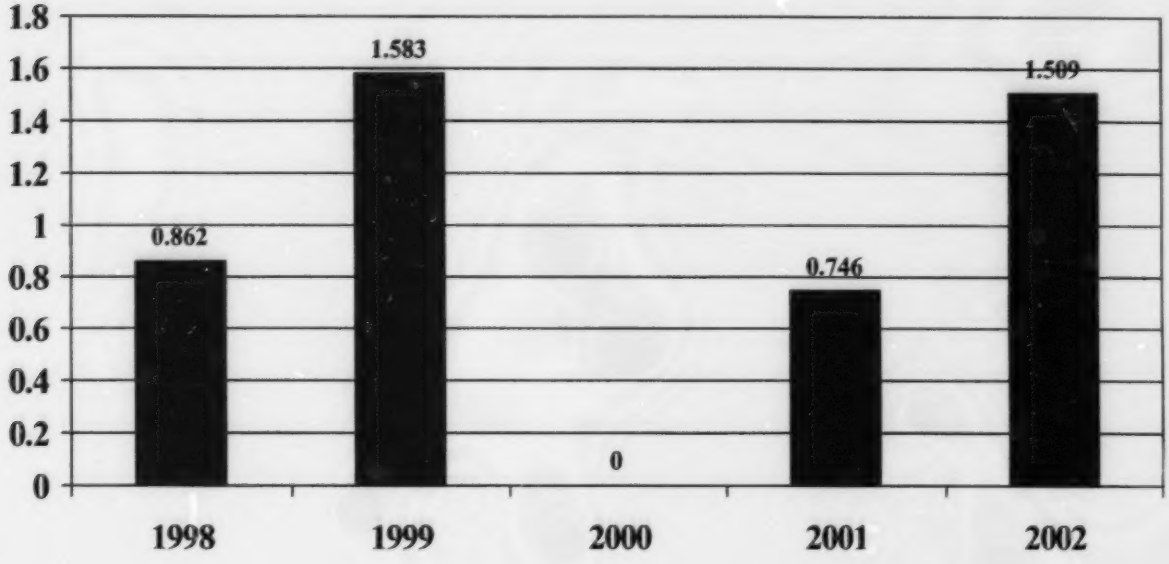
To optimize financial performance

As with most corporations, one of PavCo's strategic objectives is to optimize its financial performance. This is monitored as follows:

Comparing the annual funding used for operations

PavCo receives an annual subsidy from its Shareholder, the Ministry of Competition, Science and Enterprise. The subsidy comprises funding for both capital and operational needs. In Fiscal 2002, the Corporation received a subsidy of $1.509 million towards the shortfall on operations. Normal operating results were close to budget. There was also an additional $1.59 million unfunded charge at the Vancouver Convention & Exhibition Centre for expansion-related costs and $1.20 million for reorganization costs at the Corporate Office as a result of the Core Services Review.

Funding Received for Operations from the Province of British Columbia
(in $ millions)



To attract customers from international, national and local markets

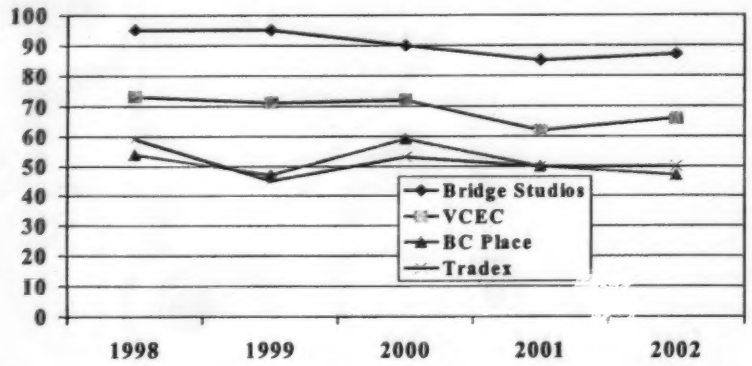
In addition to the objective of improving financial performance, PavCo also has the mandate of increasing economic benefits to the community. These goals are not always compatible, as some events bring enormous economic benefits to the community, while providing little profitability to the Corporation. In order to measure the effectiveness of PavCo's marketing efforts, the following measures are calculated:

Measure facility utilization

BC Place Stadium and Tradex have specific show seasons and are fully booked for a large portion of the year. However, as with many other public facilities, their summer periods are quiet and further infill business is required to increase occupancy. The year-to-year occupancy levels fluctuate at these facilities as many trade shows are held on a biannual basis.

At the Vancouver Convention & Exhibition Centre, occupancy remained near historic levels, although overall attendance was reduced. Most convention space is fully booked for peak periods, so any increase in occupancy can only be achieved through infill business. The Bridge Studios leases television studio space on long term contracts and the John Thomas Effects Stage for movie production on three to nine month rental terms. Occupancy has declined from 95 per cent in Fiscal 1999 to 87 per cent in Fiscal 2002 as a result of an industry wide move away from longer term tenancies to short term contracts. In Fiscal 2002, the threat of an actors strike created uncertainty in the industry overall. At BC Place Stadium the occupancy rate declined marginally from 50 per cent in Fiscal 2001 to 47 per cent in Fiscal 2002. In addition to some event cancellations, a major consumer show reduced its number of event days. Occupancy at Tradex remained effectively the same at 50 per cent, although event attendance was down.

Percentage Occupancy at PavCo Facilities



Measure number of events by type

Although PavCo strives to increase the number and quality of events at its facilities each year, the facilities are operating at effective capacity during the peak seasons. However, as the greatest economic benefit is generated through convention activity, other event types may be limited in order to maximize benefit from conventions. The comparative number of events by type was as follows:

	Fiscal 1998 Actual	Fiscal 1999 Actual	Fiscal 2000 Actual	Fiscal 2001 Actual	Fiscal 2002 Actual
Conventions	38	36	43	44	35
Trade Shows	29	44	33	40	36
Consumer Shows	30	27	27	29	33
Meetings	132	174	162	119	146
Banquets	171	144	115	115	99
Special Events	44	46	59	46	42
Sports	16	22	16	19	15
Entertainment	2	0	1	1	0

(Comparatives for Fiscal 1998 to Fiscal 2001 exclude operations of Robson Square Conference Centre.)

The number of conventions and trade shows was in line with expectations but down from last year. These numbers fluctuate with the availability of space and rooms in Vancouver and the size of the events. Banquets were lower than anticipated and lower than Fiscal 2001 as a result of increased competition from other facilities. Overall, the number of events for the year-end was close to Fiscal 2001.

Track attendance by facility

As a measure of the Corporation's success, facility attendance is monitored. Attendance plays a significant role in a company's decision to become a corporate sponsor. Attendance was as follows:

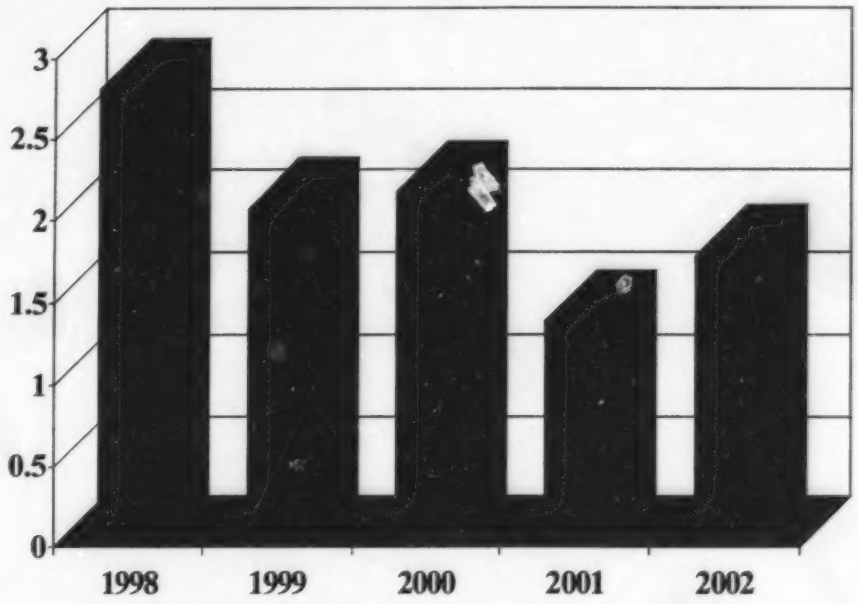
	Fiscal 1998 Actual	Fiscal 1999 Actual	Fiscal 2000 Actual	Fiscal 2001 Actual	Fiscal 2002 Actual
VCEC	728,022	750,599	743,384	690,258	486,234
BC Place Stadium	800,676	694,462	865,899	714,258	697,643
Tradex	158,400	228,446	227,311	270,754	241,178

The largest change from Fiscal 2001 was at the Vancouver Convention & Exhibition Centre where two local Canada Place Corporation events could not take place due to the hosting of international conventions, which generate higher economic benefit to the Province. Additionally, there was some immediate decline in attendance at conventions and trade shows, due to the events of September 11. Attendance at BC Place Stadium for BC Lions games was lower than anticipated and at Tradex, attendance decreased during Fiscal 2002 as a result of fewer large events.

To improve, expand and diversify our properties

PavCo is responsible for operating, maintaining and upgrading more than $200 million in capital assets. The Corporation is not allowed to create reserves to provide for replacement of major assets, so the Shareholder needs to be informed of the remaining useful lives of major assets.

Capital Investments
(in $ millions)



An important factor in persuading potential clients to book events at the Corporation's facilities is their physical appearance and the range of services provided. The measures required to monitor physical assets are as follows:

Measure estimated remaining lifespan of major assets

The major assets that will require extraordinary funding to provide for replacement include the roofs at BC Place Stadium and the Vancouver Convention & Exhibition Centre, and the internal video boards and artificial turf at BC Place Stadium. At March 31, 2002, the remaining lives for these assets were estimated at between two and fifteen years. The most pressing project is the replacement or upgrade of the artificial turf at BC Place Stadium.

Measure rate of replacement of assets

For Fiscal 2002, the actual rate of replacement of assets at the facilities was 0.9 per cent, which compared to 0.7 per cent in Fiscal 2001. This increase was a carryover from Fiscal 2001 as projects started in that year were completed.

To create healthy and supportive work environments for personal and organizational success

Measure Employee Turnover

PavCo's large part-time employee population results in a high turnover rate, typically in the 20 per cent to 30 per cent range. The 22 per cent total this fiscal year was the same as the previous year. Turnover of the full-time workforce was higher than previous years and impacted by the completion of a number of term contracts and projects. Furthermore, the downsizing of Corporate Office began in Fiscal 2002.

Measure Employee Satisfaction

Employee opinion surveys are conducted each year, giving employees the opportunity to rate how well they consider the Corporation has applied its values. The Fiscal 2002 overall rating shows a slight increase from Fiscal 2001, from 3.39 to 3.82, out of a potential score of 5. Because of Core Service Review priorities, a full polling was not done.

Measure of Training Provided

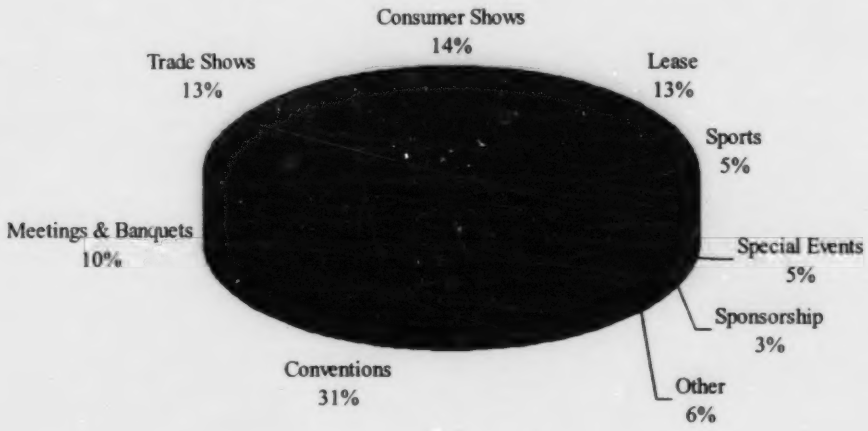
PavCo's commitment to training and performance improvement also contributes to employee and guest satisfaction. The hours of training provided in Fiscal 2002 were consistent with expectation and the budget allocated.

Measure Absenteeism

Time lost due to sickness and injury is disruptive and costly to the Corporation. Absenteeism per non-union employee increased marginally from 4.3 days in Fiscal 2001 to 4.5 days in Fiscal 2002, and decreased from 17.9 days to 9.75 days per union employee. The results are better than expected for both employee groups and are well below Canadian national absenteeism averages. They continue to illustrate the value of an early intervention disability management programme.

HIGHLIGHTS OF FINANCIAL PERFORMANCE

The Corporation generated an estimated $495 million in economic benefits to the Province during the year ended March 31, 2002. This was down 15% from last year as a result of lower delegate attendance at conventions and fewer feature film productions. Although bookings for conventions remained strong, delegate attendance has yet to recover from the recent economic downturn.



Revenue Distribution By Type (Fiscal 2002)

The Vancouver Convention & Exhibition Centre is an integral part of British Columbia's tourism infrastructure, generating $206 million in economic impact in the past year and supporting 3,930 full-time jobs. It continued to operate essentially at capacity and to deliver higher than expected business performance. The anticipated reduction in attendance after September 11th was countered by an aggressive sales effort.

Despite lower feature film production early in the year, the Bridge Studios maintained high occupancy levels, strong profits, better than expected results and generated almost $246 million in economic benefits. The number of productions decreased to 19 in Fiscal 2002 from 27 the year before. Many new studios have opened in the Lower Mainland during the past two years, increasing competition and providing a wider choice of space for film productions. During the early part of the year, the threat of an actors strike created uncertainty in the industry.

BC Place Stadium continues to feel the effects of the declining and changing British Columbia economy, through reduced sponsorship and attendance. The Stadium's loss in Fiscal 2002 was the largest in its history. Overall attendance at Fiscal 2002 trade and consumer show events was relatively flat compared to Fiscal 2001 but the biggest impact on shows was the declining exhibitor revenue. Attendance at BC Lions games was down and advertising revenues continue to decline.

Tradex had another successful year and saw the completion of additional parking facilities and the realignment of Mt. Lehman Road, the main access to the facility. Tradex continues to attract new business in addition to experiencing sustained growth of existing events.

MANAGEMENT'S DISCUSSION & ANALYSIS

Management is pleased to present the financial results of the Corporation for the year ended March 31, 2002.

For the year ended March 31, 2002, the Corporation lost $8.296 million (including depreciation) compared to a loss on operations of $5.518 million for Fiscal 2001. With the exception of two extraordinary items, the $1.589 million for the investigative costs for securing lands to the west of the Vancouver Convention & Exhibition Centre for expansion and the $1.201 million towards reorganization costs incurred as a result of the Core Services Review, cost reduction measures implemented during the second half of Fiscal 2002 ensured that the Corporation's operating loss for the year was almost unchanged from Fiscal 2001.

The lease on Robson Square Conference Centre expired on November 30, 2000. In order to provide a more meaningful comparison of financial results, the analysis below shows the results with and without Robson Square Conference Centre for Fiscal 2001.

	Year Ended March 31 in $000		
	2002	2001 (Excluding Robson Square Conference Centre	2001 Including Robson Square Conference Centre
Revenue	$27,304	$26,802	$28,149
Direct costs	12,269	11,455	12,149
Gross margin	15,035	15,347	16,000
Facility Expenses			
Staffing	7,483	7,528	7,908
Operating	5,128	4,891	5,014
General and administration	1,880	1,585	1,631
Business development	718	973	995
Fees	766	857	863
Depreciation	4,566	4,715	4,787
	20,541	20,549	21,198
Loss before other expenses	5,506	5,202	5,198
Other expenses			
Severance costs and other costs of cessation of operations	1,201	0	0
Proposed convention centre expansion	1,589	320	320
Loss before government contributions	$8,296	$5,522	$5,518

After excluding the operations of Robson Square Conference Centre, the loss for Fiscal 2001 was $5.522 million. A comparison of significant changes in financial results is as follows:

Revenue for the year at $27.304 million increased by $0.502 million from Fiscal 2001. Revenue increased most significantly at the Vancouver Convention & Exhibition Centre where despite a 30% drop in attendance, there was a significant pick-up of additional revenue for food, beverage and service

sales. Offsetting the Vancouver Convention & Exhibition Centre's positive variance was lower revenue at BC Place Stadium, with reduced attendance at BC Lions games, and declining sponsorship and exhibitor revenue.

Direct costs for the year at $12.269 million increased by $0.814 million as a result of increased revenues and higher event set-up costs at the Vancouver Convention & Exhibition Centre. The gross margin at $15.035 million decreased by $0.312 million reflecting the higher costs and the reduced revenues at BC Place Stadium.

Facility operating costs (excluding depreciation) at $15,975, increased by $0.141 million as savings in staffing costs, business development and fees were more than offset by increased operating costs as a result of a colder than average winter and higher general and administration expenses for systems, lease and insurance costs.

The net loss before other expenses at $5.506 million increased by $0.304 million. Other expenses were as follows:

$1.589 million was spent in securing lands to the west of the Vancouver Convention & Exhibition Centre for the proposed convention centre expansion. Costs were incurred in both fiscal years but during Fiscal 2002, PavCo ceased negotiations with the owners, and as a result expensed the costs incurred.

In March 2002, the Core Review and Deregulation Task Force recommended that various changes be made to the service delivery model used by B.C. Pavilion Corporation including the sale, transfer and cessation of some operations. $1.201 million was expensed in Fiscal 2002 relating to estimated costs of reorganization as a result of changes proposed by the Core Services Review. The costs included expected severance costs of staff, and one-time costs at PavCo's Corporate Office as a result of downsizing the organization.

Capital expenditures for the year were $1.788 million, an increase of $0.402 million from the $1.386 million for the year before. The majority of projects were capital repairs and upgrades, rather than the addition of new equipment. The largest expenditures were at Vancouver Convention & Exhibition Centre, which included $0.388 million charged back by the landlord for building improvements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of B.C. Pavilion Corporation for the year ended March 31, 2002 and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

Management has prepared the financial statements for the year ended March 31, 2002 in accordance with Canadian generally accepted accounting principles. A precise determination of certain of the assets and liabilities is dependent on future events and consequently the preparation of the financial statements necessarily involves the use of management's best estimates and judgments. These financial statements present fairly the financial position of B.C. Pavilion Corporation as at March 31, 2002 and the results of operations and the changes in cash flows for the year then ended. Financial information used elsewhere in the Annual Report is consistent with that in the financial statements.

Management is responsible for the preparation, content, consistency, objectivity and integrity of the financial statements and all other financial information contained in this Annual Report. Management has established and maintains a system of internal controls that provides reasonable assurance that financial records are reliable and form a proper basis for the preparation of the financial statements, and that the assets of the Corporation are properly accounted for and safeguarded. The internal control process includes a Peoples Policy applicable to the staff conduct of all employees.

The Audit and Finance Committee of the Board of Directors, which is comprised of directors who are not employees of the Corporation, oversees management's discharge of its financial reporting responsibilities. The Audit and Finance Committee meets regularly with management and the external auditors to discuss financial reporting, internal controls and other financial matters. The external auditors have free and independent access to the Audit and Finance Committee without management's presence.

The financial statements have been audited on behalf of the shareholder by Grant Thornton LLP, Chartered Accountants, in accordance with auditing standards generally accepted in Canada and their report follows.

John Harding
Chief Financial Officer

Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member of
Grant Thornton International

Auditors' Report

To the Shareholder of B.C. Pavilion Corporation

We have audited the balance sheet of B.C. Pavilion Corporation as at March 31, 2002 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Company Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

GRANT THORNTON LLP

Vancouver, Canada
May 1,2002

Chartered Accountants

P.O. Box 11177, Royal Centre
Suite 2800
1055 West Georgia Street
Vancouver, British Columbia
V6E 4N3
Tel: (604) 687-2711
Fax: (604) 685-6569

Balance Sheet

(in thousands)

March 31	2002	2001
Assets		
Current		
Cash	**$3,985**	$ 5,124
Receivables	**1,711**	3,054
Prepaids	**583**	795
	6,279	8,973
Capital assets (Note 3)	**141,712**	144,491
	$ 147,991	$ 153,464
Liabilities		
Current		
Payables	**$ 3,962**	$4,248
Deferred revenue	**3,718**	3,609
	7,680	7,857
Deferred government contributions (Note 4)	**111,446**	114,475
	119,126	122,332
Shareholder's Equity		
Capital stock (Note 5)	**1**	1
Contributed surplus	**31,131**	31,131
Operations deficiency	**(2,267)**	-
	28,865	31,132
	$ 147,991	$ 153,464

Cessation of operations (Note 1)
Commitments (Note 8)

On behalf of the Board

Doris Bradstreet Daughney
Chairman of the Board

John Horning
Chairman of the Audit Committee

See accompanying notes to the financial statements.

Statement of Operations

(in thousands)

Year Ended March 31	2002	2001
Revenues from operations	$ 27,304	$ 28,149
Direct costs	12,269	12,149
	15,035	16,000
Facility expenses		
Staffing	7,483	7,908
Operating	5,128	5,014
General and administration	1,880	1,631
Business development	718	995
Fees	766	863
Depreciation	4,566	4,787
	20,541	21,198
Loss before other expenses	5,506	5,198
Other expenses		
Severance payments and other costs of cessation of operations (Note 1)	1,201	-
Proposed convention centre expansion	1,589	320
	2,790	320
Loss before government contributions	8,296	5,518
Government contributions (Note 4)		
Deferred contributions applied to offset depreciation recorded on capital assets contributed by the Province of British Columbia	4,520	4,772
Draw down from deferred contributions from the Province of British Columbia for operating purposes	1,509	746
	6,029	5,518
Net operations deficiency	$ (2,267)	$ -

See accompanying notes to the financial statements.

Statement of Cash Flows

(in thousands)

Year Ended March 31	2002	2001
Cash derived from (applied to)		
Operating		
Loss before government contributions	**$ (8,296)**	$ (5,518)
Depreciation	**4,566**	4,787
Deferred revenue	**109**	646
Loss (gain) on sale of capital assets	**-**	1
Change in non-cash operating working capital (Note 7)	**1,269**	(1,146)
	(2,352)	(1,230)
Financing		
Contributions from the Province of British Columbia	**3,000**	2,384
Investing		
Capital asset additions	**(1,788)**	(1,386)
Capital asset dispositions	**1**	2
	(1,787)	(1,384)
Net decrease in cash	**(1,139)**	(230)
Cash		
Beginning of year	**5,124**	5,354
End of year	**$ 3,985**	$ 5,124

See accompanying notes to the financial statements.

Notes to the Financial Statements

(in thousands)
March 31, 2002

1. General

B.C. Pavilion Corporation was incorporated by the Province of British Columbia on May 3, 1984 under the Company Act of British Columbia. The mandate of the Corporation is to generate economic and community benefit for the people of British Columbia through the management of public tourism and cultural facilities.

The Corporation owns and operates BC Place Stadium, Bridge Studios and Tradex, and operates the Vancouver Convention & Exhibition Centre under a separate agreement.

Prior to March 31, 2002, following a meeting with the Core Review and Deregulation Task Force, the Task Force recommended that various changes be made to the service delivery model of B.C. Pavilion Corporation. The changes recommended included the sale, transfer and cessation of some operations. The impact of that decision on the Corporation's operations has been considered and provision has been made in these financial statements for the Corporation's best estimate of incremental costs expected to be incurred related to severance of employees and commitments for lease of premises beyond 2002. All other costs that will be incurred to the date of cessation of operations are considered ordinary operating costs and will be accounted for as such in future financial statements.

2. Summary of significant accounting policies

Use of estimates
In conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that could affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those reported.

Capital assets
Capital assets funded through contributions by the Province of British Columbia, either to the Corporation or to predecessor Crown corporations, are recorded at cost less accumulated depreciation.

Capital assets funded by the Government of Canada are recorded at cost, net of the related contributions and less accumulated depreciation.

Capital assets contributed by other parties in exchange for services are recorded at the fair market value of the assets less accumulated depreciation.

2. Summary of significant accounting policies (Continued)

Capital assets (Continued)

Assets are depreciated over their estimated useful lives to the Corporation:

Building and improvements	10 to 50 years: buildings are depreciated on the sinking fund method; improvements on the straight line method
Furniture	5 years, straight line
Computers	3 years, straight line
Leasehold improvements	over the shorter of the estimated useful life of the improvement and the term of the lease
Motor vehicles	30% per annum, declining balance
Other capital assets	1 to 10 years, straight line

Government contributions
Funding received from the Province of British Columbia is deferred until utilized:

Funding used for operations is recognized as a recovery in the statement of operations to the extent operating expenses exceed revenues. If revenues exceed operating expenses, the excess is considered a recovery of prior years funding and is transferred to deferred contributions.

Funding used for the acquisition of depreciable capital assets is reflected as a recovery in the statement of operations in an amount equal to that required to offset depreciation charged on related depreciable capital assets.

Funding received from the Province for acquisition of non-depreciable capital assets, such as land, is allocated to contributed surplus when the related assets are acquired.

Operating revenues and expenses
Operating revenues and expenses are recorded on the accrual method.

Contra-transactions
Deferred revenue resulting from contra-transactions, such as the exchange of goods or services for advertising, is amortized over the term of the services contract.

Superannuation fund
The Corporation and its employees contribute to the Public Service Pension Plan in accordance with the Public Sector Pension Plans Act. The British Columbia Pension Corporation administers the Plan, including the payment of pension benefits. The Plan is a defined benefit pension plan. The financial position of the Plan is described in the financial statements of the Plan included in the Public Accounts of the Province. The most recent actuarial evaluation determined that the Plan is in a surplus position.

2. Summary of significant accounting policies (Continued)

Financial instruments
The Corporation has various financial instruments including cash, receivables and payables. The carrying values of these financial instruments approximates their fair value due to their short term nature.

3. Capital assets

	Cost	Accumulated Depreciation	2002 Net Book Value	2001 Net Book Value
Facilities				
BC Place Stadium	$ 174,528	$ 44,864	**$ 129,664**	$ 131,595
Bridge Studios	14,536	6,137	**8,399**	9,031
Tradex	5,344	2,884	**2,460**	2,676
Vancouver Convention & Exhibition Centre	4,603	3,451	**1,152**	1,013
Corporate office	1,997	1,960	**37**	176
	$ 201,008	$ 59,296	**$ 141,712**	$ 144,491

4. Deferred government contributions

	Capital Asset	Operating	2002 Total	2001 Total
Balance, Beginning of year	**$ 114,475**	**$ -**	**$114,475**	$ 117,609
Contributions received from the Province of British Columbia	**1,491**	**1,509**	**3,000**	2,384
	115,966	**1,509**	**117,475**	119,993
Allocated to operations:				
To fund current operating deficiency	**-**	**1,509**	**1,509**	746
To offset depreciation recorded on related capital assets	**4,520**	**-**	**4,520**	4,772
	4,520	**1,509**	**6,029**	5,518
Balance, end of year	**$ 111,446**	**$ -**	**$ 111,446**	$ 114,475

5. Capital stock	2002	2001
Authorized:		
10,000 common shares without par value		
Issued:		
1 share, held by Her Majesty the Queen in right of the Province of British Columbia	**$1**	$1

6. Environmental costs

The Corporation and predecessor property owners remain liable for environmental and reclamation obligations for known hazards that exist at Bridge Studios or may exist at other facilities. These hazards are being actively monitored and mitigated by the Corporation's management. Management is not aware of any existing environmental problems related to its facilities that may result in material liability to the Corporation.

7. Change in non-cash operating working capital	2002	2001
Receivables	**$ 1,343**	$ (292)
Prepaids	**212**	(387)
Payables	**(286)**	(467)
	$ 1,269	$ (1,146)

8. Commitments

The Corporation is committed under long term, non-cancellable operating leases requiring future minimum payments of $200 thousand for each of the next four years.

The Corporation has contracted to pay $900 thousand over ten years ending 2010 for traffic and parking improvements at a facility. $825 thousand remains payable at March 31, 2002.

9. Related party transactions

In the normal course of operations, the Corporation acquires from and sells goods and services to the Province of British Columbia and certain Crown corporations, predominantly under prevailing trade terms.

GOVERNANCE

The Minister of Competition, Science and Enterprise is currently responsible for appointing the Chair and the Board of Directors of the Corporation. Under the Company Act the President and CEO is also a Director.

The Board of Directors concentrates on providing leadership and direction to the organization in a manner consistent with the policies and directives of the Provincial government. The performance results to be achieved by the Corporation and the guidelines placed on how these results are achieved are governed by the Board policies and communicated to staff through the CEO. The Board is also responsible for specifying and evaluating the functions and duties of the President and CEO. In the case of a vacancy, the Board, in consultation with the Minister, appoints the President and CEO.

The Board currently has two standing committees: Audit and Finance, and Governance. The Audit and Finance Committee oversees financial reporting, internal controls, conflicts of interest and other related matters. The Governance Committee is empowered to deal with staffing and compensation issues and the implementation of all changes made as a result of the Core Services review. Each committee reviews and develops matters in their specific area and makes recommendations to the full Board.

BOARD OF DIRECTORS:
Effective October 16, 2001
Doris Bradstreet Daughney, *Chairman & CEO* **(A;G)**
(effective August 14, 2001)
Norm Assam **(A)**
John Horning **(A;G)**
Daniel Jarvis **(G)**
Miriam Kresivo **(G)**
David Mindell **(A)**

COMMITTEES
A Audit and Finance; **G** Governance

PREVIOUS BOARD OF DIRECTORS
To October 15, 2001
Catherine Van Alstine, *Chairman*
(to August 14, 2001)
Derick Cheng
Mike Corbeil
Marie Decaire
Elain Duvall
Justis Greene (resigned Sept. 23, 2001)
Franziska Kaltenegger
Judith Lane
Craig Lochhead
David Y H Lui
Robin Nagai
Rolf Osterwalder
Rosalie Schmidt

MANAGEMENT COMMITTEE:
Pat Brand, Director, Human Resources
Susan Croome, General Manager, The Bridge Studios
Howard Crosley, General Manager, BC Place Stadium
John Harding, Chief Financial Officer & Corporate Secretary
Barbara Maple, General Manager, Vancouver Convention & Exhibition Centre
Lauren Thomas, General Manager, Tradex

HIGHLIGHTS FROM FISCAL 2002

VCEC

309 Events

World Small Animal Veterinary Congress
International Congress of Gerontology
International Society For Heart and Lung Transplants
World Education Market
Allstate National Conference
Forever Living Products
CUPE National Conference
Fall Conference on Community Foundations
Employee Assistance Professionals Association
Pacific Dental Conference

The Bridge Studios

29 Productions

Jeremiah
Stargate
Glory Days
Santa Claus 2
Ecks vs Sever
They
Television Commercials

BC Place Stadium

61 Events

Pacific International Auto and Light Truck Show
BC Home and Garden Show
Vancouver International Boat Show
Vancouver Gift Shows
Vancouver Golf, Travel and Outdoor Show
Playdome
Motorspectacular
BC Lions Football
Vancouver Supercross, part of the National Arenacross Series

Tradex

49 Events

Vancouver International Motorcycle Show
Fraser Valley Boat & Sportsmen's Show
Lower Mainland Dog Fanciers Show
Westwood Karting
BC Custom Motoring Show
Snowbird RV Show & Sale
Fraser Valley Home & Garden Show
Abbotsford Collector Car Show & Auction
Pacific Agriculture Show

WHERE TO FIND US

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PAVCO